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E.O. 11652: GDS

TAGS:OVIP (CASEY, WILLIAM J.)

SUBJECT: SPECIAL SUMMARY NUMBER ONE

1. OIL AS A POLITICAL WEAPON IN THE MIDDLE EAST

A. ARAB OIL STATES VOTE 25 PERCENT CUT IN PRODUCTION

MEETING IN KUWAIT NOVEMBER 4, THE ORGANIZATION OF ARAB PETROLEUM EXPORTING COUNTRIES (OAPEC) DECIDED TO REDUCE PRODUCTION BY 25 PERCENT FROM SEPTEMBER LEVELS, WITH A FURTHER FIVE PERCENT REDUCTION IN DECEMBER. HOWEVER, THE ARAB OIL STATES SAID THAT THE REDUCTION WOULD NOT AFFECT THE FLOW OF OIL TO "FRIENDLY COUNTRIES." IMMEDIATELY PRIOR TO THE OAPEC MEETING, GULF OIL MINISTERS INCLUDING IRAN HAD MET AND AGREED ON A NEW PRICING FORMULA, BUT NO DETAILS HAVE YET BEEN MADE PUBLIC. APPARENTLY, OPEC WILL TAKE INTO ACCOUNT CONSUMER VIEWS AT THE NEXT OPEC MEETING IN VIENNA NOVEMBER 17. (UNCLASSIFIED) REUTER 103-113, 11/4 AND (CONFIDENTIAL) KUWAIT 3934, 11/4.

B. SAUDI VIEWS ON LIFTING OIL EMBARGO

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SAUDI FOREIGN MINISTER SAQQAF INFORMED EMBASSY JIDDA

NOVEMBER 4 THAT ANY OIL IMPORTER WOULD HAVE TO TAKE THREE STEPS BEFORE THE ARABS WOULD GIVE IT PREFERENTIAL TREATMENT: CONDEMN ISRAELI AGGRESSION AGAINST ARAB LANDS, CALL ON ISRAEL TO WITHDRAW TO ITS 1967 BORDERS, AND STATE THEY FAVOR "SELF-DETERMINATION" FOR THE PALESTINIANS. SAQQAF SPOKE WITH PLEASURE OF THE FRG POSITION VIS-A-VIS THE ARABS AND SATISFACTION THAT ONLY SIX AFRICAN COUNTRIES NOW HAVE DIPLOMATIC RELATIONS WITH ISRAEL. HE ALSO SAID THAT IT IS NOW TIME TO DO SOMETHING ABOUT LATIN AMERICA. (CONFIDENTIAL) JIDDA 4852, 11/4.

C. LIBYAN EMBARGO ON OIL SHIPMENTS TO THE US

EMBASSY TRIPOLI REPORTS THE LIBYAN OIL EMBARGO DECREE STATES THE "EXPORT OF CRUDE OIL AND ITS DERIVATIVES FROM ALL PETROLEUM PORTS IN LIBYA TO THE US SHALL BE SUSPENDED." ESSO INTERPRETS THE WORDS "CRUDE OIL" AS EXCLUDING LIQUID PETROLEUM GAS (LPG) AND LIQUID NATURAL GAS (LNG), BUT OCCIDENTAL, THE SOLE EXPORTER OF LIBYAN LPG TO THE US, HAS SUSPENDED BUTANE/PROPANE SHIPMENTS. EMBASSY TRIPOLI NOTES THAT LIBYA HAS YET TO SET UP A PROCEDURE TO STOP INDIRECT SHIPMENTS OF REFINED PRODUCTS OF LIBYAN CRUDES TO THE US. (CONFIDENTIAL) TRIPOLI 1395, 11/4.

2. ARAB TRADE UNIONISTS CALL FOR ECONOMIC WARFARE

THE INTERNATIONAL CONFEDERATION OF ARAB TRADE UNIONS (ICATU) MEETING IN TRIPOLI HAS CALLED FOR THE BOYCOTT OF GOODS AND SEA AND AIR TRANSPORT OF THE US AND OTHER SUPPORTERS OF ISRAEL. THE ARAB UNIONISTS ALSO CALLED FOR THE BREAKING OF RELATIONS WITH THE US AND THE NETHERLANDS. EMBASSY TRIPOLI COMMENTS THAT THE ABOVE MEASURES MAY BE A PRELUDE TO SUCH MOVES BY THE LIBYAN GOVERNMENT. (SECRET) TRIPOLI 1400, 11/4.

3. VENEZUELA TO CUT OIL PRODUCTION?

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A FORMER VENEZUELAN MINISTER OF MINING AND HYDROCARBONS HAS REPORTEDLY SUGGESTED THAT VENEZUELA SHOULD DRASTICALLY REDUCE ITS OIL PRODUCTION TO PRESERVE STOCKS. HE SAID THE WORLD ENERGY CRISIS WOULD PUSH OIL PRICES UP TO AT LEAST DOLLARS 10 A BARREL, AND VENEZUELA SHOULD NOT SQUANDER ITS RESOURCES BY SELLING NOW. (UNCLASSIFIED) REUTER 100, 11/4.

4. ISRAELI MOOD REPORTEDLY ANXIOUS

EMBASSY TEL AVIV REPORTS THE MOOD OF THE ISRAELI PUBLIC, ON THE EVE OF PRIME MINISTER MEIR'S RETURN FROM WASHINGTON,

IS A MIX OF ANXIETY AND UNCERTAINTY COMBINED WITH A GRIM DETERMINATION TO BE PREPARED FOR FURTHER MILITARY OR POLITICAL SHOCKS. THE ABSENCE OF HARD NEWS, THE FAILURE TO OBTAIN THE RELEASE OF POWS, AND CONCERN ABOUT US "PRESSURE" ARE FUELING THE ISRAELI SENSE OF FRUSTRATION. (CONFIDENTIAL) TEL AVIV 8931, 11/4.

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